

RECEIVABLES - Section 4

- 1.0 Billing Procedures (Excluding BIS, Appropriation 831)**
- 2.0 Debt Collection Policies--External Parties**
- 2.1 Receivables--Other DHSS and State Agencies**
- 2.2 Grants Receivables**
- 3.0 Salary Overpayment Procedures**
- 3.1 Notification of Salary Overpayments**
- 3.2 Collection of Salary Overpayments and Voluntary Deductions (Rescinded)**
- 3.3 Repayment and Deposit of Salary Overpayments**
- 4.0 Recording Receivables on FMS (Rescinded)**
- 5.0 Accounts Receivable Aging Reports**
- 5.1 Reporting Collection Agency Referrals**
- 5.2 Annual Report of Receivables--Institutions and Divisions**
- 5.3 Reconciliation of FMS Accounts Receivable Balances to Annual Report of Receivables**
- 6.0 Write-off of Accounts Receivable**

SUMMARY OF RECEIVABLES

A receivable is defined as an amount of money due. In addition to regular billings, receivables include such items as overpayments vendors, clients, or employees; over-reimbursements on contracts, results of audit findings that reflect amounts to be returned and all similar items. (RECEIVABLES 1.0)

All receivables must be promptly billed. Any decision not to bill valid obligations or any decision to cancel valid existing obligations needs the approval of the Administrator of the Division of Management Services. Receivables are to be recorded on the fiscal system monthly and reconciled monthly to the subsidiary records by an independent person.

Adequate separation of duties must be maintained over receivables records, including a division of responsibility between the person who maintains receivables records, the person(s) who receive and deposit cash, and the person who reconciles the receivables records.

It is the responsibility of each organization to establish, within DHSS policies and procedures, the terms and/or conditions for payment at the time an account is created and to monitor accounts receivable regularly. If payment is not received within 30 days, collection efforts must be made, including referral to a collection agency, if needed. The collection effort should be proportional to the amount of money due. Any amount over \$500 requires a concerted and thorough collection process. RECEIVABLES 2.0 details debt collection policies for external parties, and RECEIVABLES 2.1 sets departmental policy for DHSS and other state agency receivables. RECEIVABLES 2.2 provide collection procedures for grants receivables.

Each organization shall age accounts receivable at the end of every quarter. A quarterly report shall be submitted to the Chief of BFS-Institution and Administrative Accounting including information required by RECEIVABLES 5.0 (Accounts Receivable Aging Reports) and RECEIVABLES 5.1 (Collection Referrals). This information is compiled and sent to the Department of Administration by the Bureau of Fiscal Services. Procedures for the annual report of receivables and reconciliation are detailed in RECEIVABLES 5.2 and 5.3.

Write-offs of uncollectible accounts must be approved by an independent person, preferably the Management Director. All write-offs must be documented as to collection efforts, and the approval letter must be attached to the journal voucher. Write-offs may be made by divisions and institutions if returned by a collection agency as uncollectible and the amount is less than \$250.00. All write-offs of \$250 or more require BFS approval. All write-offs greater than \$500 require DOA approval. Policies for the write-off of receivables are described in RECEIVABLES 6.0.

When an employee is overpaid by the State, it is the responsibility of the payroll person of the organization to immediately notify BFS and BPER of the overpayment. See RECEIVABLES 3.0 through 3.3 for these important procedures.